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FM AMEMBASSY NEW DELHI
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9562
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNIRA/IRAN COLLECTIVE
RUEHBY/AMEMBASSY CANBERRA 1552
RUEHLO/AMEMBASSY LONDON 7304
RUEHMO/AMEMBASSY MOSCOW 3948
RUEHFR/AMEMBASSY PARIS 2157
RUEHKO/AMEMBASSY TOKYO 6698
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C O N F I D E N T I A L NEW DELHI 000330

SIPDIS

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TAGS: [PREL](#) [IN](#) [IR](#)

SUBJECT: INDIA "WARY" OF NEW SANCTIONS ON IRAN

REF: A. STATE 9124

[1](#)B. NEW DELHI 274

[1](#)C. 09 NEW DELHI 2043

[1](#)D. NEW DELHI 213

Classified By: Political Counselor Uzra Zeya for Reasons 1.4 (b) and (d)
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[1](#)1. (C) Summary: In a February 22 meeting, YK Sinha -- India's functional equivalent of Assistant Secretary for Iran, Pakistan, and Afghanistan -- repeated the GOI mantra that India does not favor new sanctions on Iran because they adversely affect Indian interests. He denied that Indian entities are moving forward with investment in Iranian oil fields, an act that could trigger sanctions under U.S. law. Sinha, who accompanied Indian Foreign Secretary Nirupama Rao on a February 2-4 trip to Tehran, reported that Iranian FM Mottaki, NSC Secretary Saeed Jalili, and other interlocutors had left the Indian side with the impression that resolution of the nuclear issue was imminent, an impression dispelled by subsequent Iranian words and actions. He opined that the nuclear issue is closely tied to internal Iranian politics, thus adding to the complexity of resolution. On Afghanistan, he said Iran shares India's skepticism over reintegration and reconciliation efforts. End Summary.

Sanctions Are Not the Solution

[1](#)2. (C) Following up on our previous presentation of Ref A demarche (read-out reported in Ref B), PolCouns emphasized that Iran has not responded to our good faith efforts to resolve outstanding issues through dialogue and has resisted P5 1 attempts to resolve the nuclear impasse. She stressed that international community unity is needed as we consider future measures such as additional sanctions. Echoing the standard GOI mantra intoned by Foreign Secretary Rao and other senior Indian officials (Refs C and D), Sinha conceded that Iran has not been cooperative but noted the GOI is "wary" of new sanctions because they adversely affect Indian interests. Regarding U.S. sanctions, Sinha said that Indian corporation Reliance is already scaling back its dealings with Iran in anticipation of legislation now pending before the U.S. Congress. He denied press reports that Indian corporation Hinduja and state-owned ONGC are moving forward with investment in Iranian oil fields, an act that could trigger sanctions under existing U.S. law, by stating that "nothing is happening" with the deal.

Isolated Iranians Grateful for Visit

13. (C) Sinha accompanied Indian Foreign Secretary Nirupama Rao on a February 2-4 trip to Tehran, which he characterized as a routine annual visit. He recounted that meetings with interlocutors such as Iranian FM Mottaki and Supreme National Security Council Secretary Saeed Jalili had left the Indian side with the impression that resolution of the nuclear issue was imminent, an impression dispelled by subsequent statements by President Ahmadienejad and other Iranian actions. He opined that the nuclear issue is closely tied to internal Iranian politics, thus adding to the complexity and difficulty of resolution. Sinha confided that the Indians "expected a tongue-lashing over our IAEA vote last November" and were surprised that the Iranians never raised the matter. Sinha ascribed the Iranian reticence to their feeling of international isolation and their gratitude for the visit. He said the Indian side rebuffed Iranian attempts to set a date for a visit to Tehran by Indian PM Singh.

14. (C) Sinha reported that the two sides discussed Afghanistan, noting that Iran shares India's skepticism over reintegration and reconciliation efforts. He said that Iranian officials told him they skipped the January London Conference on Afghanistan because they suspected in advance they would be "disappointed" by the outcome.

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